

House File 450

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HOUSE FILE 450

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1 3 AN ACT
1 4 CREATING AN EXCEPTION TO THE STATUTORY RULE AGAINST PERPETUITIES
1 5 AND MAKING RELATED CHANGES.
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1 7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
1 8
1 9 Section 1. Section 557.7, Code 2003, is amended to read as
1 10 follows:
1 11 557.7 CONTINGENT REMAINDERS.
1 12 ~~* Except as provided in section 558.68A, a contingent~~
1 13 remainder shall take effect, notwithstanding any determination
1 14 of the particular estate, in the same manner in which it would
1 15 have taken effect if it had been an executory devise or a
1 16 springing or shifting use, and shall, as well as such
1 17 limitations, be subject to the rule respecting remoteness
1 18 known as the rule against perpetuities, ~~exclusive of any other~~
~~1 19 supposed rule respecting limitations to successive generations~~
~~1 20 or double possibilities.~~
1 21 Sec. 2. NEW SECTION. 558.68A EXCEPTION TO RULE AGAINST
1 22 PERPETUITIES.
1 23 1. Notwithstanding section 558.68, a rule of law against
1 24 perpetuities, a suspension of the power of alienation of the
1 25 title to property, or a law restricting or limiting the
1 26 duration of trusts shall not apply with respect to any
1 27 interest in real or personal property held in trust if the
1 28 instrument creating the trust specifically states that such
1 29 rule or the provisions of section 558.68 shall not apply to
1 30 the trust and if either the trustee of the trust has unlimited
1 31 power to sell all trust assets, or one or more persons, one of
1 32 whom may be the trustee, has unlimited power to terminate the
1 33 entire trust.
1 34 2. A trust of real or personal property created by an
1 35 employer as part of a stock bonus plan, pension plan,
2 1 disability or death benefit plan, or profit sharing plan, for
2 2 the benefit of some or all the employer's employees, to which
2 3 contributions are made by the employer or employees, or both,
2 4 for the purposes of distributing to the employees or their
2 5 beneficiaries the earnings or the principal, or both, of such
2 6 trust is not invalid as violating the rule against
2 7 perpetuities or any other law restricting or limiting the
2 8 duration of trusts; but the trust may continue for the time
2 9 that is necessary to accomplish the purposes for which it was
2 10 created.
2 11 3. Subsection 1 shall be effective for interests in real
2 12 or personal property in trust created by an inter vivos or
2 13 testamentary trust or will executed on or after July 1, 2003,
2 14 or pursuant to the exercise of a general power of appointment
2 15 on or after July 1, 2003. For the purposes of this
2 16 subsection, "general power of appointment" means a power that
2 17 is exercisable in favor of the individual possessing the
2 18 power, the person's estate, the person's creditors, or the
2 19 creditors of the person's estate.
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2 23 _____
2 24 CHRISTOPHER C. RANTS
2 25 Speaker of the House
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2 27 _____
2 28 MARY E. KRAMER
2 29 President of the Senate
2 30
2 31 I hereby certify that this bill originated in the House and
2 32 is known as House File 450, Eightieth General Assembly.
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2 35
3 1 _____
3 2 MARGARET THOMSON
3 3 Chief Clerk of the House
3 4 Approved _____, 2003
3 5

3 6
3 7 THOMAS J. VILSACK
3 8 Governor
